Market Research Techniques

Definition

Market Research

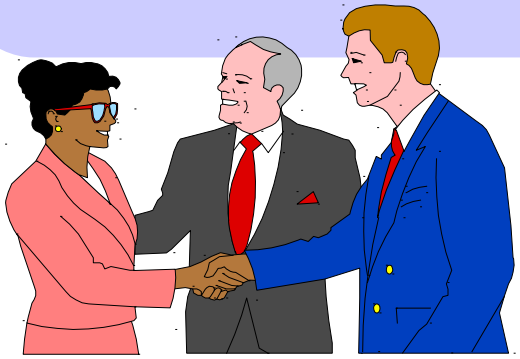
- *a continuous process*
- *for gathering data*
- *plus analysis of that data*

PRODUCT CHARACTERISTICS

SUPPLIER'S CAPABILITIES

BUSINESS PRACTICES

to make acquisition decisions !!!



Market Research
Sum of Two Processes

Surveillance - A continuous, ongoing function -- Should not be dependent on requests for information

Provides a general sense of the products available in the market and their characteristics and capabilities.

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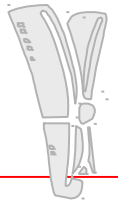


Investigation - A focused, in-depth effort -- based on a specific need for material or services

Determine, with a high degree of confidence, whether any products or services will satisfy the need, or can be modified or tailored accordingly.

Market Surveillance

Track:

- ✔General product characteristics
- ✔General market capabilities
- ✔General business practices
- ✔Predominate technologies

Market Surveillance

Attend: Trade shows
Technical meetings
Professional societies' conventi

Consult: Technical publications
The Internet
Existing DoD resources
(such as R&D centers)

Obtain: Product samples

Market Investigation

Ask:

Do commercial items meet performance req

Do trade-offs or modifications make se

What support services are availabl

What parts are repaired?
What parts are discarded?
What warranties apply?

How does the use compare?
What do other users say?

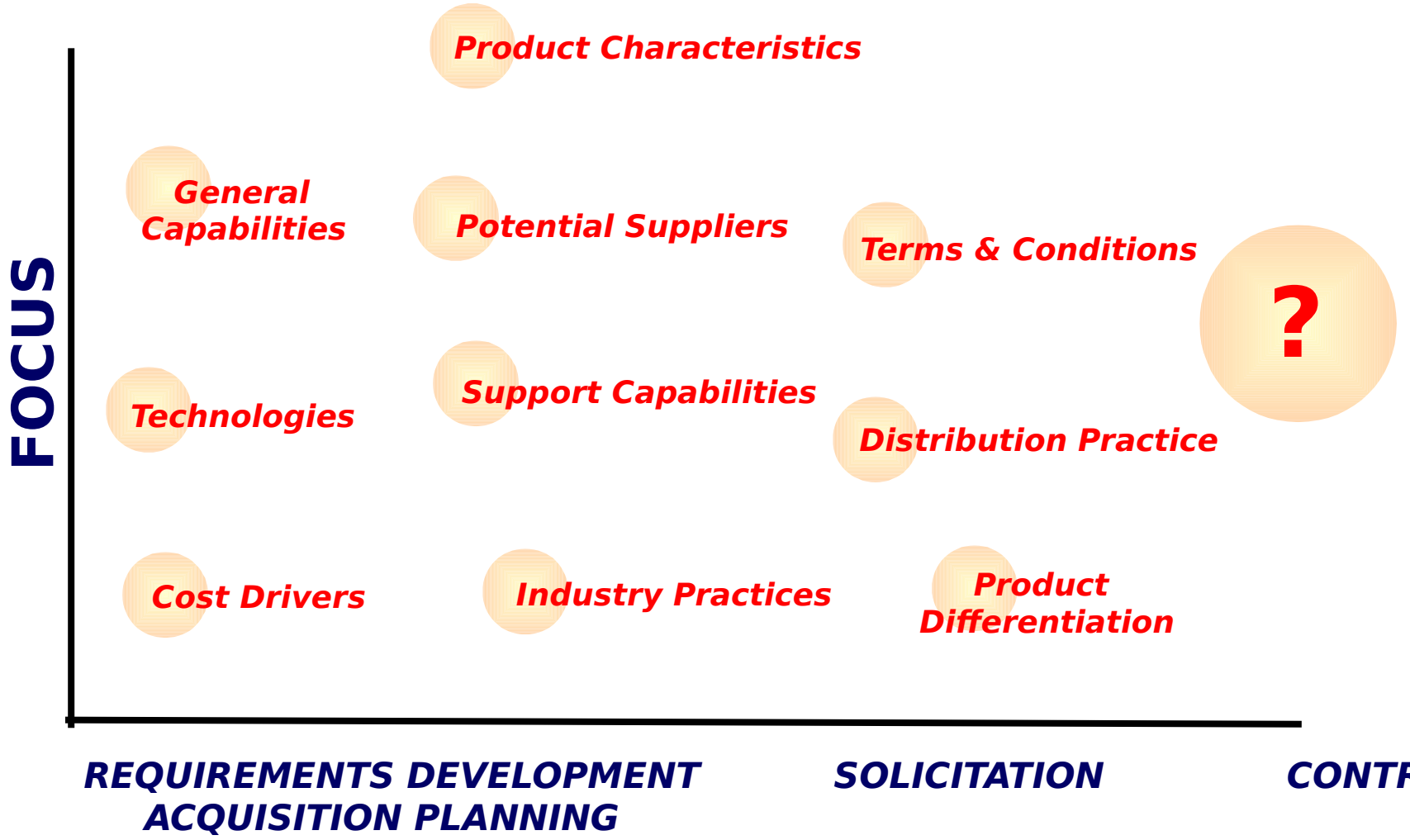
FAR Policy

- Developing new requirements documents
- Soliciting offers expected to exceed the Simplified Acquisition Threshold (SAT) ($100,000)

DoD 5000.2R

- Determine the availability of suitability of exis commercial NDI products and services
- Require contractors at all levels to incorporate commercial and NDI items as components
- Open System - based commercial items
- Services are included

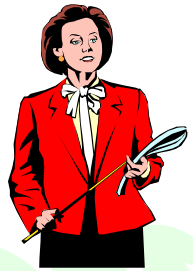
Why is Market Research Done?



Who Does Market Research?

Logistics Specialist

Testing Specialist



Cost Analyst

User

The Acquisition Team

Legal Counsel

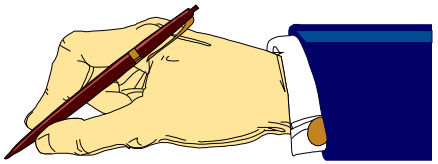
Technical Developer

Project Manager

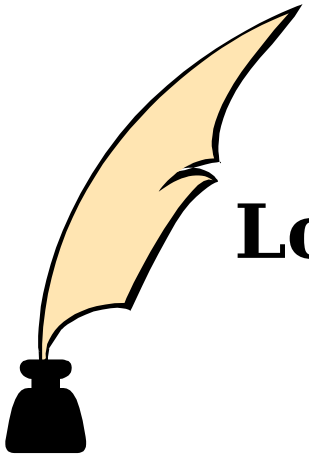
Contracting Officer

Who Needs to be Involved?

Pens needed:



Project Manager: How do they perfor
Can they write underwater?
Do they leak at high altitudes?

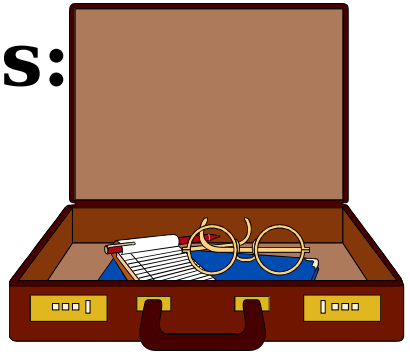


Logistician: How will I support them?
Do we buy refills? Discard when e

Contracting: How will we buy them?
Sealed bid? Indefinite quantity?

HOW IS MARKET RESEARCH USED

Market information shapes:



- **Acquisition strategy**
- **Support plans**
- **Test plans**
- **Product descriptions and statement**
- **Contract terms and conditions**
- **Sections L & M of the RFP**

Ongoing Market Research Areas

- Potential suppliers
- Industry practices
- Distribution practices
- Terms and conditions

- Technologies
- General capabilities
- Product characteristi
- Product differentiatio
- Cost drivers

What Starts The Process?

The NEED

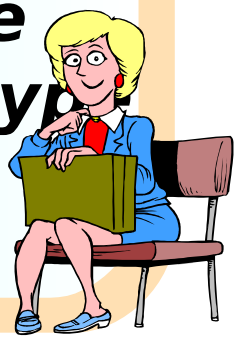
Idea

Document

Item of a type

Service of a type

Situation



In developing system performance requirements, DoD compo
shall evaluate how the desired performance requirements cou
reasonably be modified to facilitate the use of potential comm
or non-developmental items, components, specifications, oper
standards, processes, technology, and sources, (DoD 5000.2, I

Requirements Analysis

Security Services

Threat Assessment

Surveillance

Office Physical Security

Information System Security

Principles of Market Research

- ***Start early***
- ***Involve users***
- ***Communicate***
- ***Market research is iterative***
- ***Tailor the investigation***
- ***Refine as you proceed***

Develop the Plan

Focus on ways to obtain information and the type of information that will be the most useful

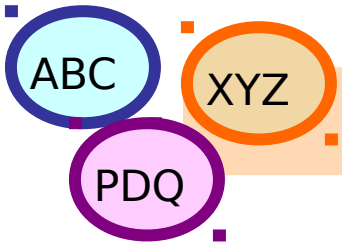
Ensure that the information is adequate for making smart management decisions

Obtaining and Documenting Market Research

Organize and document your findings

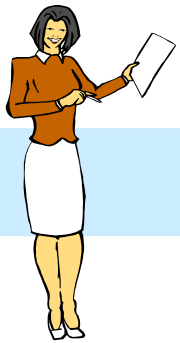
Tailor to complexity of requirement

Focus on decision-making tools



Use multiple sources and assess confidence le

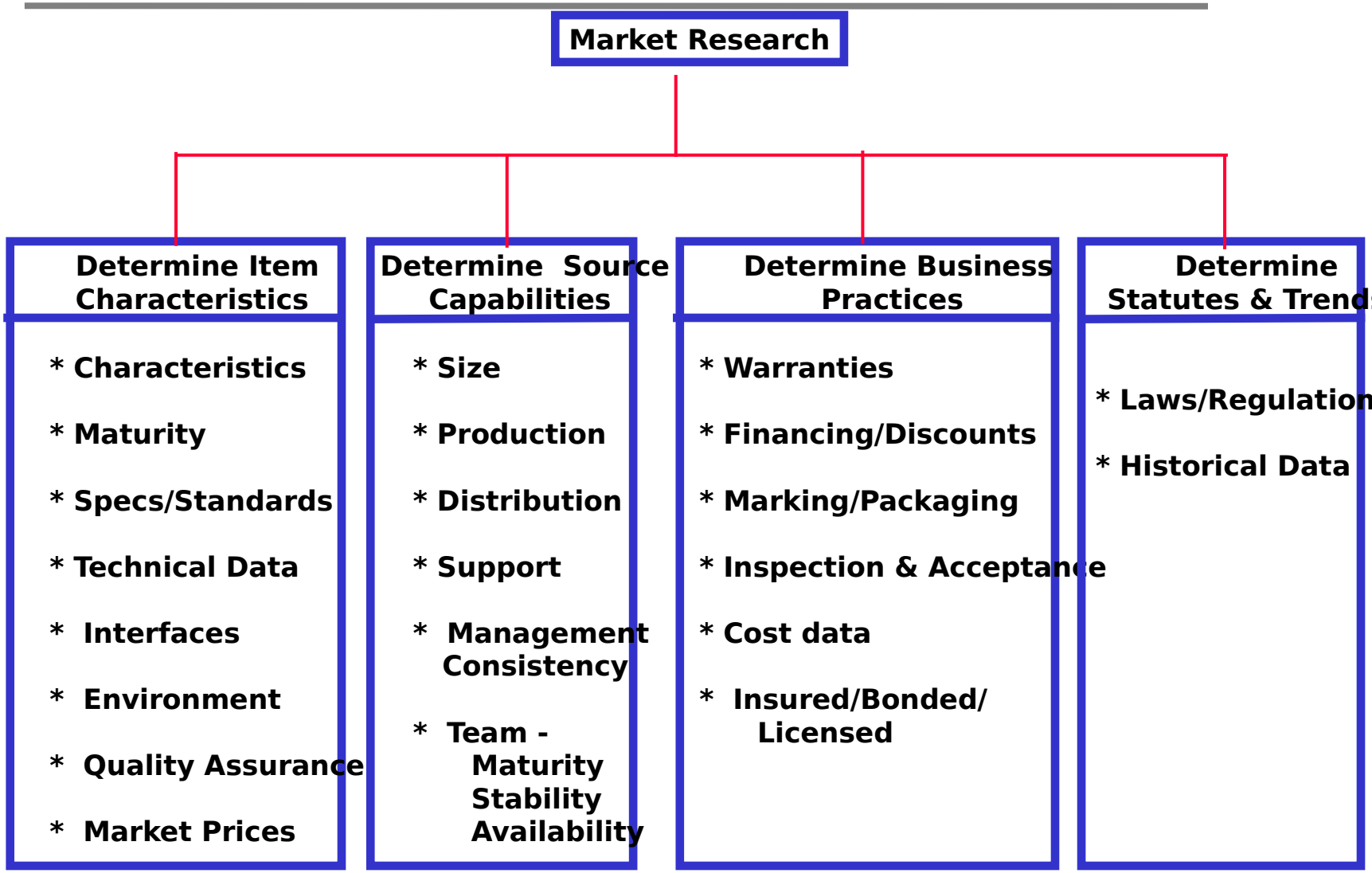
Know the marketplace



General Types of Data

- **Primary data - supports a particular procurement ac**
- **Secondary data - generalized information supportin multiple procurements**
- **Experimental data - results of evaluation testing of product/service**
- **Nonexperimental data - gathered as a result of doin business (historical data on performance maintainability, etc)**
- **Qualitative - based on personal observation of users**
- **Quantitative - measurable, identifiable characteristi of product/service**

What is the Market Capability?



Determine Item Characteristics

Market Research

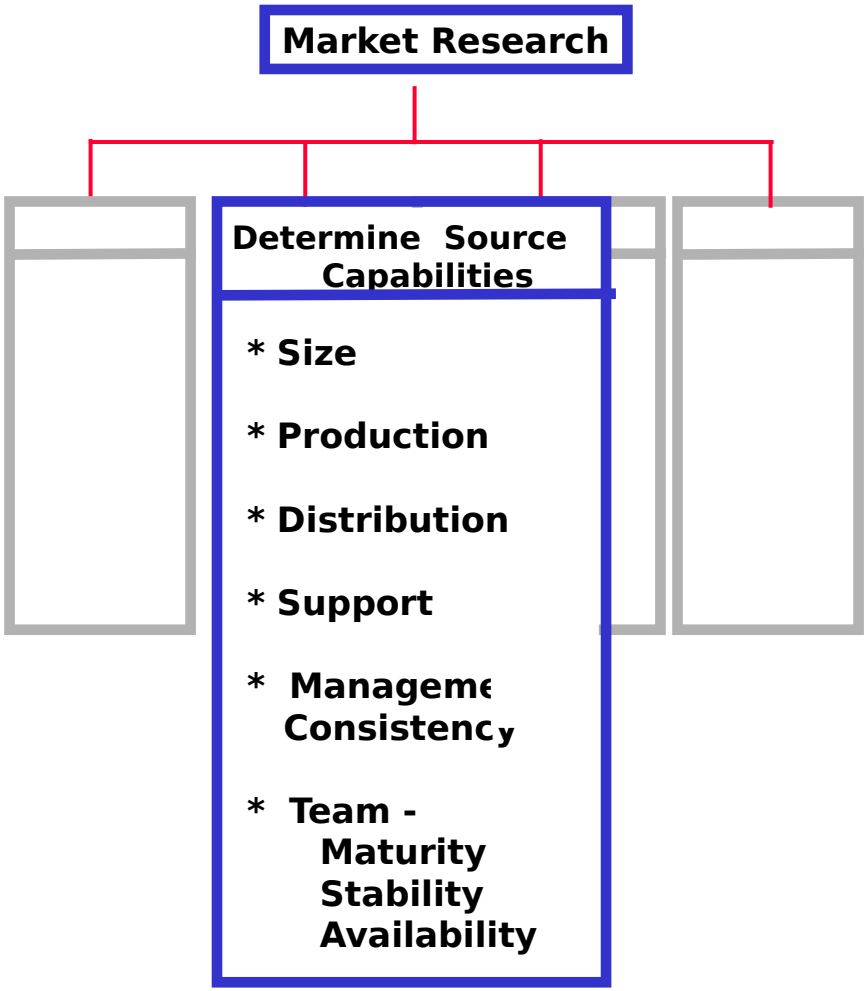
Determine Item Characteristics

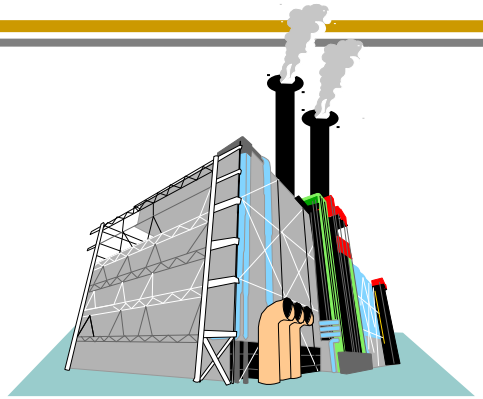
* Characteristics
* Maturity
* Specs/Standards
* Technical Data
* Interfaces
* Environment
* Quality Assurance
* Market Prices

OPEN SYSTEM ?

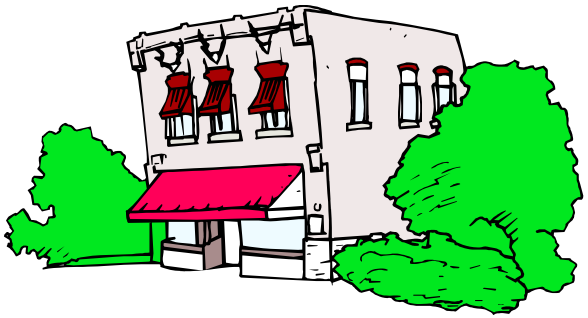
SOP 15-3

Determine Source Capabilities

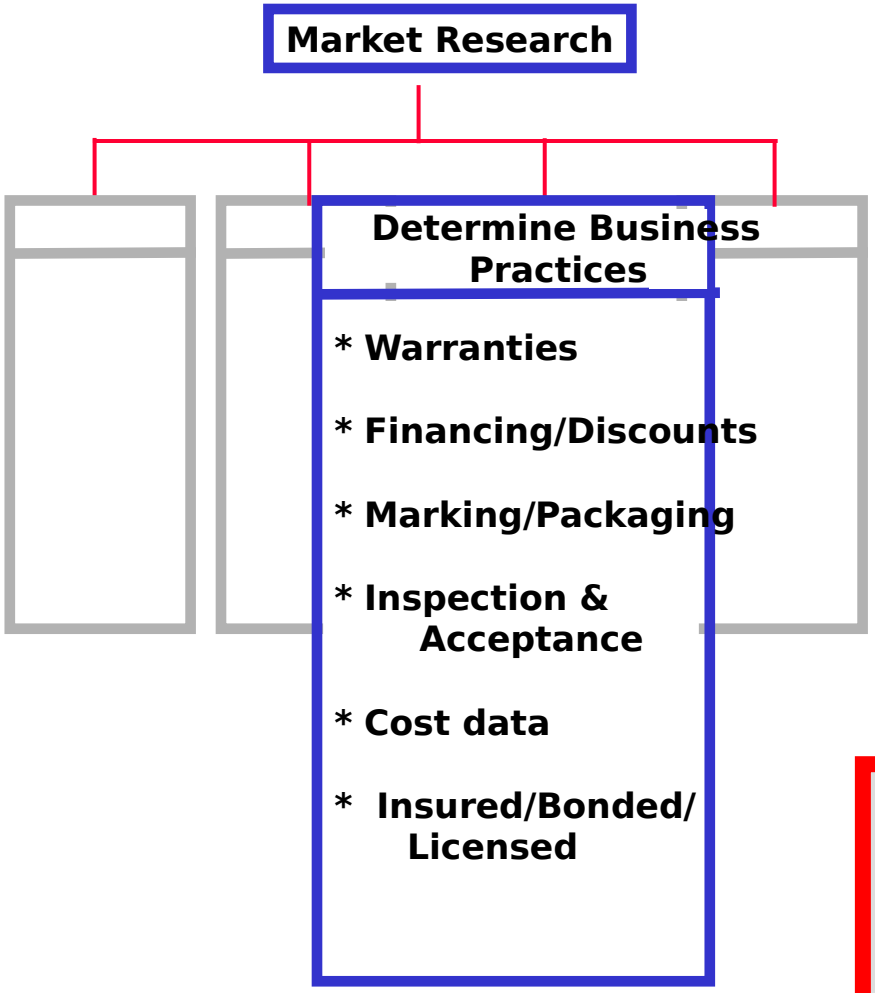




Wholesaler?
Distributor?
Retailer?



Determine Business Practices



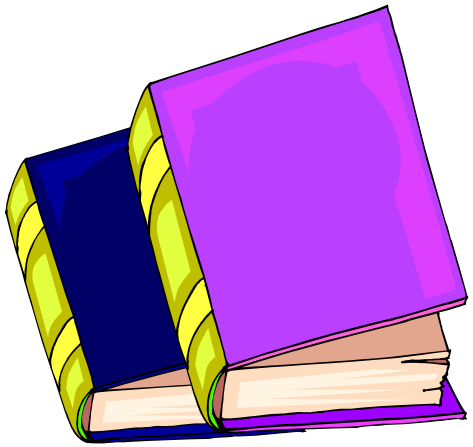
9-5 M -F

Determine Statutes/Trends

Market Research

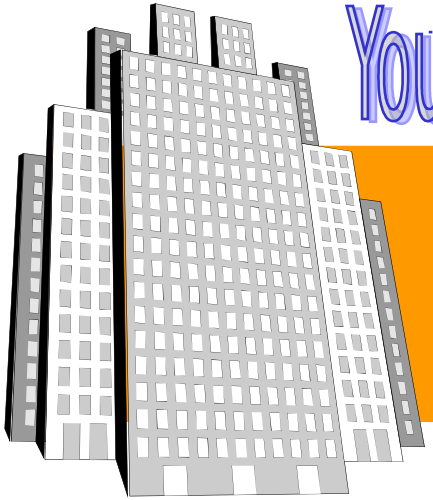
Determine Statutes & Trends

* **Laws/Regulations**
* **Historical Data**

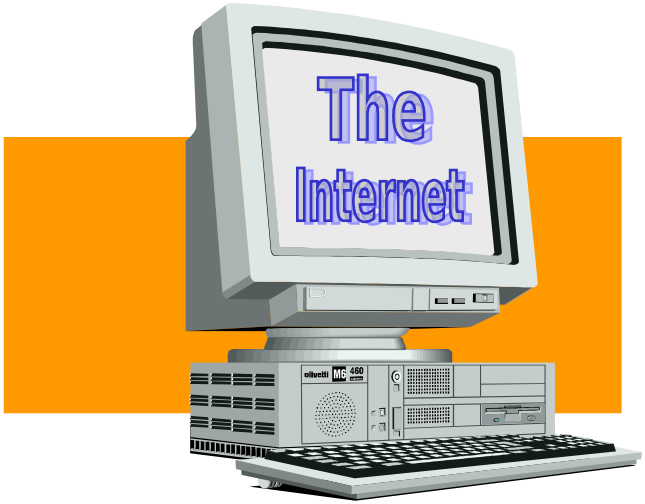


General Sources of Information

The Marketplace



Your Office



The Market Place

Contract Management Program

ESI

1998 Catalog

Public and On-Site Training
Government and Commerc

Master's Certificate Progra

Authoritative Publications

Manufacturer/Supplier Catal

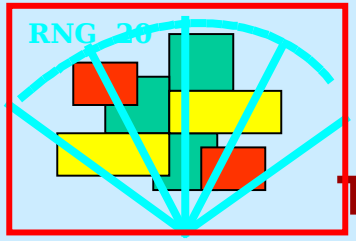
Trade Journals/Periodicals

New Product Announcement

AVIATION WEEK &SPACE TECHNOLOGY

A PUBLICATION OF McGRAW-HILL COMPANIES - APRIL 21, 19

In this issue: ENHANCED GPWS



Getting the Terrain Picture

The Market Place (Cont)

EVENT	FORD	GM	CHRYSLER
Acceleration 0-60	7.9 sec	8.3 sec	8.1 sec
MPG	16	15	17
HP	223	213	211
Weight	2238	2900	2445
Braking at 60 MPH	230 ft	287 ft	244 ft

Source: Popular Science

NAA WINTER CONFERENCE

- NETWORKING
- SPEAKERS
- TOURS
- SPECIAL RATES
- DISCOUNTS

JANUARY 26 - 31 CANCUN

Test Reports

Industrial Shows/Conferences

On-site Visits

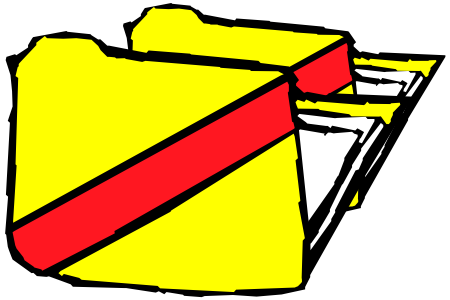
Sources of Information

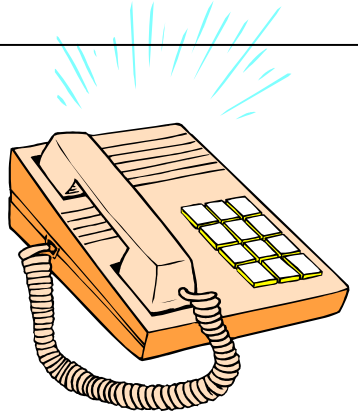
- Product reviews
- Catalogs
- Draft RFPs
- Draft specifications
- Product tests
- Automated data bases

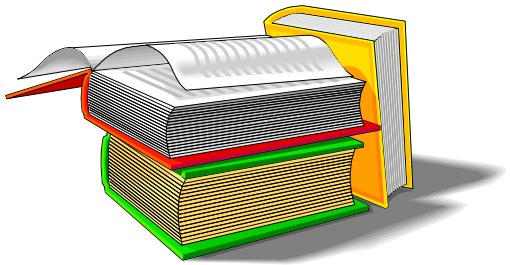
- Surveys (mail, fax, internet, telepl

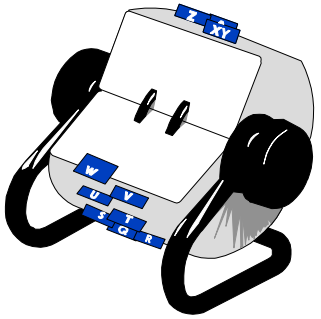
Your Office

- Previous Procurements
- Source Lists
- Technical Library
- Other Government Offices









Common Denominator → ***It's already done! Just harvest***

More of Your Office

Requests for Information (Includes AMS)

Draft RFPs

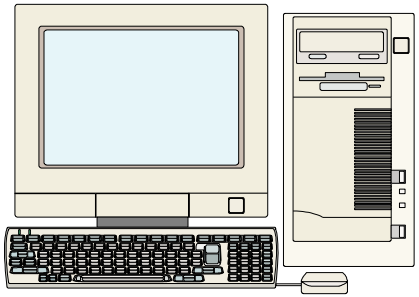
Unsolicited Proposals

Focused!

Target of Opportunity

Internet: An Increasingly Valuable Too

Consider:



- **Internet searches**
- **CD-ROM**
- **Automated data bases**

Remember: Individual searches are time consuming; search services are expensive.

General to Specific Relationships

		PROD/SVC CHAR	SOURCE CAPAB	BUS PRAC	STAT TRENDS
MARKET PLACE	Trade Journals/Periodicals	X	X		X
	Manufacturer Catalogs	X	X	X	
	New Product Announcements	X			
	Test Reports	X			
	Industrial Shows/Conferences	X	X		
	On-site Visits	X	X	X	
	Library	X	X	X	X
INTERNET	Market Information	X		X	X
	Product Information	X	X		
	Thomas Register	X	X		X
	Professional Associations	X	X	X	X
	Dun & Bradstreet	X	X	X	
	Yellow Pages	X	X	X	X
OFFICE	Previous procurements	X	X	X	X
	Source lists	X	X		
	Technical Library	X		X	X
	Other Government offices	X	X	X	X
	Requests for Information	X	X	X	X
	Draft RFPs	X	X	X	
	Unsolicited Proposals	X	X	X	X

The Market Research Process

Can a commercial item or system meet the need?

YES!

Then:
Find out more about it.

NO!

Then:
How can commercial it be integrated components o subsystems?

Six Part Market Investigation

1. Summarize market surveillance

2. Identify sources

3. Gather information (Survey sup
4. Validate information (Check ref
5. Evaluate candidates
6. Document results

(Capture the process for future r

Six Part Market Investigation

- ✔ **Summarize market surveillance**

- ◆ **Available product lines or services**
- ◆ **Initial assessment of feasibility**
- ◆ **Anticipated problems or trade-offs**
- ◆ **Known gaps in current informatio**

Six Part Market Investigation

✔ **Identify sources**

HOW

Start with market surveillance
Sources sought announcement
Electronic bulletin boards
Trade associations
Bidders list
Internet
Letters

WHAT

Number of sources
Size and location of sou

Advertise where the commercial buyers do.

Six Part Market Investigation

✔ Gather information

Find the data that will fill in the information knowledge gaps:

- **Place telephone calls**
- **Request catalogs and brochures**
- **Conduct product tests**

Conduct a formal paper survey if these informal surveys are not sufficient. (See SD-5, App. B)

Six Part Market Investigation

Survey Strategies

Product availability

Quantities available

Stability of current configur

Market acceptance

- Test results
- Annual sales
- Product experience of similar users

Industry data

- Number of manufacturers
- Size and location of manuf
- Customary business practi
- Product distribution chan

Six Part Market Investigation

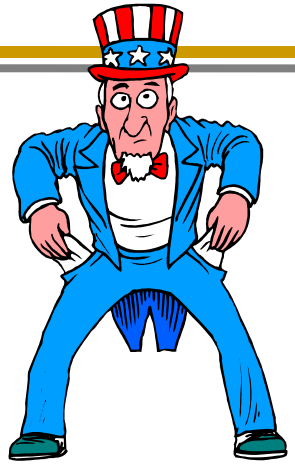
- ✔ **Validate information**
  - **Not necessary to examine every**
    product (not a source selectio
  - **May require funding**
  - **Methods:**
    - ✓**Product test (preferably a fiel**
    - ✓**User interview**
    - ✓**Site visit**

Six Part Market Investigation

- ✔ **Evaluate candidates**
  - **Determine feasibility**
  - **Identify trade-offs:**
    - **relax requirement**
    - **modify product or service**
  - **Assess supportability**

Modification can increase program risk.

Document Your Effort



Agencies should document the results of market research in a manner appropriate to the size and complexity of the acquisition.

FAR 10.0002(e)

Why?

- **Enable the sharing of information**
- **Eliminate/minimize duplication of effort**
- **Facilitate organization of research results**
- **Preserves the record**
- **Maintain an official file**
- **Provides the basis for the**

Six Part Market Investigation

✔ **Document results**

Must be included as part of the initial ORD.

Must be part of the specification file.

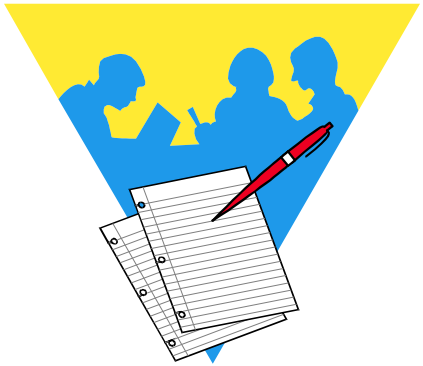
FAR Part 10 and DoD Regulation 5000.2-R require documentation.

Purpose:

- ✓**Evidence**
- ✓**Input to other market investigations**
- ✓**Future use by your program**

Six Part Market Investigation

Document:



- **The companies contacted**
- **The questions they were asked**
- **A summary of the information they provide**
- **Test results**
- **Your evaluation of the product or service**

Report/Format

No particular format required

Matter of judgement based on:

- ✓ **Urgency**
- ✓ **Complexity**
- ✓ **Dollar Value**
- ✓ **Existing Knowledge**

Logical organization

Tell the story!

Suggested Inclusions

- General description of the procurement
- Identification of researcher(s)
- Description of agency need
- Schedule requirements
- Methodology used to compile potential supplier list
- Information obtained fr sources
- Market Analysis

More Suggestions

- Summary of customary business practices
- Identification of pricing issues
  - Price range
  - Explanation of price variations
- Historical trends
- Summary description of available commercia nondevelopmental items that satisfy the nee
- Actual market research data

Communicating the Requirement to Industry

How?

- In terms industry can understa
- Early in process
- In draft or summary form

Why?

- So industry can identify potential candi
- So industry is ready to answer question during market research

Communicating the Requirement to Industry

1. **Provide background on government procuremen**

   At Pre-Poposed conferences
   Posted on internet (e.g. ORD)
   (Firms new to government contracting)

2. **Describe operational environment**

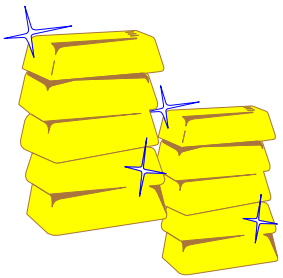
3. **Give interface requirements:**
   convert detailed specifications to performance specifications (recompete)

Remember !

You are looking for the *capability* of the market place to meet the need...

The market research process is *NOT* the source selection process!

Using Market Research Results



Commerciality Decision

Competition

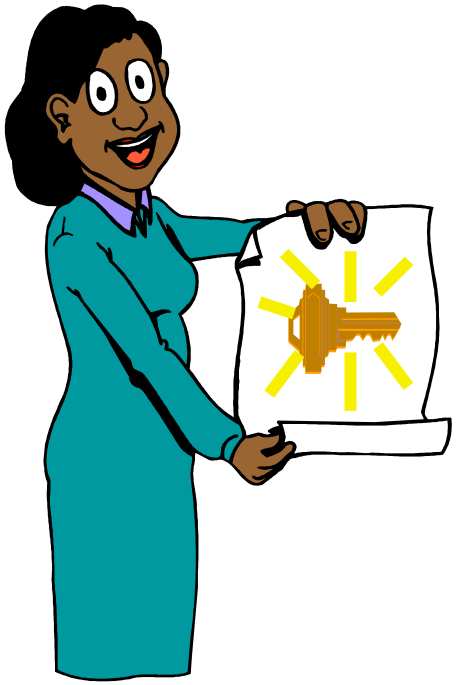
Evaluation Criteria

Contract Method/Type

Summary

Market Research…

- Characteristics
- Capabilities
- Commercial Practices
- Statutes/Trends



The key to the Market Place!